

**Department of Defense  
Report to Congress on  
Grants Streamlining**

**Office of the Under Secretary of Defense for  
Acquisition, Technology and Logistics**

**January 2008**

**I. Overview**

As required by section 5 of the Federal Financial Assistance Management Improvement Act of 1999 (Public Law [P.L.] 106-107), the Department of Defense (DoD) provides the following annual report. This report covers our activities during the period September 2006 through November 2007.

In fiscal year (FY) 2007, we obligated about \$4 billion in grants and agreements through approximately 9,500 transactions. About 80 percent of the awards and two-thirds of the dollars are for research and related activities. The remainder of our portfolio consists largely of assistance to States to support the National Guard.

Although research and related programs are the DoD programs most impacted by grants streamlining, they are not grant programs. They properly are viewed in terms of the program purpose—e.g., basic or applied research, or research-related education and training--irrespective of the award instruments used, which usually include both assistance and procurement instruments. Consequently, our program announcements, automated systems, and business processes for research differ in a number of important ways from other agencies that do not have programs, systems, and processes that are shared by assistance and procurement awards.

Another important difference between DoD and other agencies is that our awarding offices generally delegate post-award administration to another office that specializes in the administration of awards. This helps to ensure uniform administration across the DoD Components. It also entails a coordinated team approach to award management involving the post-award administration and awarding offices.

Therefore, while we strongly support and actively participate in interagency streamlining and simplification initiatives and have made important gains during this reporting period, we must continually be aware and assess the impact (including cost) on our overall extramural research program processes, including both financial assistance and procurement awards.

Our continued leadership and active participation in P.L. 106-107 and related initiatives is indicative of this commitment. For example, DoD chairs the Pre-Award Work Group under the Chief Financial Officers Council's Grants Policy Committee (GPC). We also participate in the Executive Committee of the GPC that guides the future direction of interagency grants streamlining and simplification activities generally. We have significant involvement in the GPC's Post-Award, Audit Oversight, and Training and Certification Work Groups. For these work groups, DoD's specific contributions include leading the effort to develop a Government-wide standard format for tangible personal property reporting.

DoD also is an active participant in the Grants Executive Board, including the subgroups that have worked on the research and related suite of forms and implementation of the Federal Funding Accountability and Transparency Act (FFATA); the Grants.gov Users Group; the Research Business Models Subcommittee of the National Science and Technology Council's Committee on Science, and the Interagency Committee on Suspension and Debarment (ISDC) (see section IV below).

## **II. Grants.gov**

During this reporting period, DoD worked internally to reconcile our use of research program announcements under which both assistance and procurement instruments may be awarded with government-wide requirements and expectations for use of Grants.gov. We also have worked to ensure that our non-research activities used Grants.gov as appropriate. This included posting synopses of 100 percent (175) of our announcements of discretionary funding opportunities at Grants.gov FIND and simultaneously posting application packages for each of those announcements at Grants.gov APPLY.

We accomplished both results through sustained effort, including training, active monitoring and oversight, and coordination with the Grants.gov Program Management Office (PMO). We held an all-day training session in November 2006 as an integral part of our efforts to create a baseline of knowledge and understanding of Grants.gov requirements and DoD's approach. The Grants.gov PMO assisted us in this effort. DoD Components have separately trained their own staffs, inviting the Grants.gov PMO to participate as needed. We also have made a special effort to provide outreach to DoD awarding activities that award relatively few grants and agreements.

We also did the following to accommodate the requirements of Grants.gov and those of our business process:

- Posted applicable synopses of announcements at both Grants.gov FIND, as required for programs using grants, and FedBizOpps, as required for contracting opportunities.
- Created connections to Grants.gov APPLY in order to be able to receive proposals by that means.

- Continued dual intake processes, as necessary, to receive proposals from commercial entities that will result in contracts, which have different pre-award requirements, e.g., representations and certifications.

Not only did DoD post 175 synopses at Grants.gov FIND with associated application packages at Grants.gov APPLY, we received 9,787 submissions through Grants.gov (per Grants.gov report for the period ending September 30, 2007). This number represents from half to two-thirds of the proposals we received for new awards in response to Broad Agency Announcements (BAAs). The difficulty in providing a precise count is that, in addition to receipt through Grants.gov, under our Broad Agency Announcements that we use to solicit research proposals generally rather than just research grant applications, we continue to receive hard-copy proposals as well as contract proposals from commercial entities through local electronic means. In some cases, hard-copy proposals and contract proposals continue to be submitted directly to technical staff rather than through a central receipt point.

This number of Grants.gov submissions is attributable to several things:

- Our outreach and training efforts within DoD and outreach and technical assistance to applicants.
- The decision by one of our major grant-awarding Components to require electronic submission of all proposals through Grants.gov (DoD has not yet adopted an agency-wide policy, but has allowed individual Components to make this determination, where warranted).

Having met the government-wide goals for FY 2007, during this reporting period, we have also worked to achieve greater understanding and more common use of the research and related forms that may comprise an application package. We developed an internal DoD Grants.gov Handbook that will establish some standards for the use of Grants.gov forms and minimum contents of application packages as well as assist DoD users in addressing the different communities of proposers—commercial entities and educational institutions and other non-profit organizations—that respond to BAAs.

DoD is making every effort to comply with Grants.gov requirements, including the fact that several Components that previously had automated intake incurred several hundred thousand dollars in costs to connect to Grants.gov and, as applicable, to back-office systems. No pre-existing systems have been eliminated by our use of Grants.gov. Any systems we use serve more purposes than grant application submission and intake. We will be looking at those additional aspects as part of the deliberations related to the Grants Management Line of Business.

### **III. Grants Management Line of Business**

DoD is currently engaged in the activities necessary to meet the President's Management Agenda milestone for the first quarter of FY 2008, i.e., to enter in a Memorandum of

Understanding with one of the three available consortium providers or file an appeal with the Office of Management and Budget (OMB). We are meeting with the consortia to assess their suitability for our research needs and for the several types of non-research activities DoD supports through grants and agreements.

#### **IV. Debarment and Suspension**

DoD was an active participant in the Interagency Suspension and Debarment Committee development of adoptable OMB guidance to replace the common rule on nonprocurement debarment and suspension, as well as the template agencies used to develop their regulatory implementations of that OMB guidance.

DoD issued its final rule implementing the OMB guidance on June 26, 2007 (72 FR 34984).

#### **V. Agency Commitment to Future Involvement with Government-wide Grants Initiatives**

DoD has been actively involved with government-wide and interagency grants initiatives for many years. The primary driver has been our desire to enhance research productivity and minimize administrative burden on investigators. That involvement and commitment will continue.